

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 L-03 EB-07 H-02 TRSE-00 OPIC-03 OMB-01

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DRAFTED BY ARA:TJ ARER:MBB

APPROVED BY ARA:WDROGERS

L:MLEIGH

EB/IFD/OIA:RSMITH

ARA/EP:JKING

ARA:AFISHLOW

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R 282353Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY LIMA

C O N F I D E N T I A L STATE 177723

E.O. 11652: GDS

TAGS: EINV, ET

SUBJECT: VALUATION OF EXPROPRIATED PROPERTY AND GULF
DEL PERU

REF: (A) LIMA 5403, (B) STATE 145618

1. IN RESPONSE TO REFTEL (A), WE WISH YOU TO KNOW THAT
THE QUESTION OF USG INITIATIVES IN OIL COMPANY COMPENSATION
SETTLEMENT NEGOTIATIONS IS NOW UNDER REVIEW. UNTIL
REVIEW IS COMPLETED OR YOU RECEIVE FURTHER WORD, YOU SHOULD
NOT INITIATE DISCUSSIONS WITH GOP CONCERNING COMPENSATION
DISPUTE WITH GULF DEL PERU.

2. IF GOP RAISES MATTER, YOU SHOULD RESPOND BY NOTING
(A) USG COMMITMENT TO PROMPT, ADEQUATE AND EFFECTIVE
COMPENSATION AND (B) USG RECOGNITION THAT THE RELATIVE
APPROPRIATENESS OF THE VARIOUS METHODS FOR DETERMINING
SUCH COMPENSATION WILL DEPEND ON THE CIRCUMSTANCES OF THE
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PARTICULAR CASE. IN ADDITION, YOU SHOULD PLACE SPECIAL

EMPHASIS ON THE REFLEXIVELY NEGATIVE REACTION OF THE PRIVATE CAPITAL COMMUNITY IN THE UNITED STATES AND ALL OTHER CAPITAL EXPORTING COUNTRIES TO CASES OF PLAINLY INADEQUATE COMPENSATION, A REACTION WHICH THE USG CANNOT INFLUENCE. IN OUR VIEW ANY STATE WHICH HOPES TO DRAW ON

THAT MARKET FOR ITS DEVELOPMENT WILL, THEREFORE, AVOID IMPOSING ARBITRARY AND UNREASONABLE SETTLEMENTS. EXPERIENCE REVEALS THE GRAVE OBSTACLES TO DEVELOPMENT WHICH ARISE WHEN A STATE FAILS TO ACQUIRE OR LOSES ACCESS TO THE PRIVATE CAPITAL MARKET. YOU SHOULD AVOID ANY COMMENT ON THE PARTICULAR CASE OF GULF DEL PERU.

3. FOR YOUR BACKGROUND INFORMATION, WE ARE REPEATING TO YOU REFTEL (B). INGERSOLL

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NNN

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